

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION BY MCI FOR ARBITRATION OF)	
CERTAIN TERMS AND CONDITIONS OF A)	
PROPOSED AGREEMENT WITH BELL SOUTH)	CASE NO. 96-431
TELECOMMUNICATIONS INC. CONCERNING)	
INTERCONNECTION AND RESALE UNDER)	
THE TELECOMMUNICATIONS ACT OF 1996)	

THE INTERCONNECTION AGREEMENT)	
NEGOTIATIONS BETWEEN AT&T)	
COMMUNICATIONS OF THE SOUTH)	CASE NO. 96-482
CENTRAL STATES, INC., AND BELL SOUTH)	
TELECOMMUNICATIONS, INC., PURSUANT)	
TO 47 U.S.C. § 252)	

O R D E R

This Order addresses motions by MCI Telecommunications Corporation ("MCI"), AT&T Communications of the South Central States, Inc. ("AT&T"), and American Communications Services, Inc. ("ACSI"), relating to the request for an establishment of a separate docket for review of BellSouth Telecommunications, Inc. ("BellSouth") cost studies for unbundled network elements and non-recurring charges. ACSI has also moved to intervene in these proceedings. The Movants have argued that BellSouth only provided summaries of its cost studies, which prevented a meaningful analysis of the unbundled network element ("UNE") costs, that BellSouth has failed to prove its UNE costs, and that fairness requires the establishment of a procedural schedule and hearing date to review these costs. The motions are denied for the following reasons.

On May 19, 1997, the Commission granted a request from MCI to schedule a hearing at the earliest possible date for the purpose of reviewing cost studies filed by BellSouth after its arbitration case. The Commission scheduled an informal conference and a public hearing, inviting AT&T to attend these further proceedings regarding BellSouth's additional TELRIC studies.

The parties attended the informal conference that had been scheduled by the Commission "for the sole purpose of discussing TELRIC studies filed by BellSouth subsequent to the Commission's orders."¹ Rather than addressing the substantive issues, AT&T and MCI asked that the public hearing be cancelled and that a separate proceeding be established to review all BellSouth UNE and non-recurring charge costs. Granting these requests would serve only to delay the implementation of competition in Kentucky. The rates established in these arbitration proceedings are cost-based and reflect the evidence of record. MCI and AT&T have had extensive opportunity to be heard and to present evidence regarding their views of BellSouth's costs. Views offered by these parties have been fully considered by the Commission, and the Commission has entered its decisions. Likewise, AT&T and MCI have had ample opportunity to be heard on the additional cost studies provided by BellSouth subsequent to the public hearings in these proceedings, and have chosen not to raise substantive issues but merely to request more time. Accordingly, the Commission finds that no further hearings are necessary at this time.

¹ Case No. 96-431, May 19, 1997 Order at 13.

The prices established in the Appendix, attached hereto and incorporated herein, are for Case No. 96-431 and are based on the record of this proceeding. As indicated in the December 20, 1996 Order, the Commission has established rates for a two-year period. The rates established herein are the cost-based prices establishing the initial local competitive market. They are based on the evidence of record and establish the most level playing field possible for all market participants.

The Commission has used the identical procedure announced in its December 20, 1996 Order in this proceeding for the establishment of the recurring and non-recurring prices which appear in the Appendix. BellSouth filed on March 31, 1997 and June 30, 1997, respectively, two sets of non-recurring cost studies. Included in the March 31 filing were updated and new recurring cost studies for selected unbundled elements. The June 30 filing includes non-recurring TELRIC costs for supporting electronic interfaces. The Commission has followed its established procedure in setting the final prices to be incorporated into the contract. The Appendix hereto contains a comprehensive updated price list which includes costs for operational support systems.

AT&T, MCI, and ACSI have argued that the Commission's arbitration orders established temporary rates pending additional investigation. However, a closer reading of the arbitration orders shows that the further investigation of the TELRIC studies was indicated within the context of considering non-traffic sensitive payments and National Exchange Carrier Association ("NECA") universal service payments which may support local service cost recovery.

The UNE rates prescribed by the Commission have, as indicated in the Commission orders, reflected the concerns the Commission had regarding BellSouth's TELRIC studies. Thus, the Commission accounted for its concerns in the establishment of the prices. In so doing, the Commission has considered all the evidence of record and created reasonable cost-based prices to initiate local competition in Kentucky. The finality of the Commission's decisions in this regard is further indicated by the Commission's mandate that adjustments to prices would be made on a prospective basis only.

Furthermore, the Movants' requests are in the nature of rehearing petitions. All of the issues raised by the Movants in a timely manner have been addressed by this Commission, and the Commission has consistently turned down requests to establish a separate cost docket. Finally, the Movants have not met the standard established in KRS 278.400. They have not offered additional evidence that could not with reasonable diligence have been offered in the former hearing.

Because no further proceedings in these matters will take place, ACSI's motion to intervene should be denied.

The Commission, having considered the motions, and being otherwise sufficiently advised, HEREBY ORDERS that:

1. The motions of AT&T, MCI, and ACSI for a proceeding to address BellSouth's cost studies are hereby denied.
2. The prices contained in the Appendix are adopted for the interconnection agreement between BellSouth and MCI.

3. The prices established in these arbitration proceedings are cost-based and shall be the prices for BellSouth's interconnection with MCI and AT&T for the initial two-year contract.

4. Within 30 days of the date of this Order, BellSouth and MCI shall file their signed interconnection agreement incorporating the determinations made by the Commission.

5. ACSI's motion to intervene is denied.

Done at Frankfort, Kentucky, this 14th day of July, 1997.

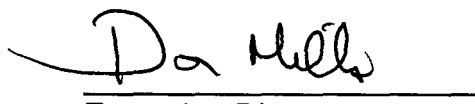
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

**AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC
SERVICE COMMISSION IN CASE NO. 96-431 DATED 7/14/97**

BELLSOUTH - MCI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Unbundled Loops	
2-Wire Analog Voice Grade Loop, Per Month	
Standard - with Network Interface Device	\$20.00
Standard - without Network Interface Device	\$18.20
Nonrecurring, with or without NID - First	\$86.08
Nonrecurring, with or without NID - Additional	\$58.57
Customized - with Network Interface Device	\$23.35
Customized - without Network Interface Device	\$21.41
Nonrecurring, with or without NID - First	\$236.75
Nonrecurring, with or without NID - Additional	\$177.10
4-Wire Analog Voice Grade Loop, Per Month	
Standard - with Network Interface Device	\$28.28
Standard - without Network Interface Device	\$26.38
Nonrecurring, with or without NID - First	\$457.14
Nonrecurring, with or without NID - Additional	\$348.83
2-Wire ISDN Digital Grade Loop, Per Month	
Standard - with Network Interface Device	\$31.99
Standard - without Network Interface Device	\$29.65
Nonrecurring, with or without NID - First	\$541.28
Nonrecurring, with or without NID - Additional	\$431.61
2-Wire ADSL Loop, Per Month	
Standard - with Network Interface Device	\$11.89
Standard - without Network Interface Device	\$10.63
Nonrecurring, with or without NID - First	\$713.50
Nonrecurring, with or without NID - Additional	\$609.44
2-Wire HDSL Loop, Per Month	
Standard - with Network Interface Device	\$8.51
Standard - without Network Interface Device	\$7.40
Nonrecurring, with or without NID - First	\$713.50
Nonrecurring, with or without NID - Additional	\$609.44
4-wire HDSL Loop, Per Month	
Standard - with Network Interface Device	\$10.39
Standard - without Network Interface Device	\$9.70
Nonrecurring, with or without NID - First	\$748.93
Nonrecurring, with or without NID - Additional	\$646.17
4-Wire DS1 Digital Grade Loop, Per Month	\$67.96
Nonrecurring - First	\$849.80
Nonrecurring - Additional	\$523.27

BELLSOUTH - MCI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Network Interface Devices	
Network Interface Device	\$1.80
Sub-Loop 2 Wire Analog Loop (Distribution)	
2-Wire Analog Loop, Per Month	
Standard - with Network Interface Device	\$10.83
Standard - without Network Interface Device	\$9.95
Nonrecurring, with or without NID - First	\$459.85
Nonrecurring, with or without NID - Additional	\$352.89
Sub-Loop 2 Wire Analog Loop Concentration	
Channelization System (Outside CO), Per Month	\$263.06
Nonrecurring - First	\$1,508.41
Nonrecurring - Additional	\$596.11
Working Plug-in 2 Wire	\$1.80
Nonrecurring - First	\$23.30
Nonrecurring - Additional	\$23.25
Unbundled Exchange Access IOC	
0 - 8 Miles, Fixed Per Month	\$16.14
Per Mile, Per Month	\$0.0301
9 - 25 Miles, Fixed Per Month	\$17.18
Per Mile, Per Month	\$0.0726
Over 25 Miles, Fixed Per Month	\$18.41
Per Mile, Per Month	\$0.0831
Nonrecurring - First	\$181.93
Nonrecurring - Additional	\$75.56
Unbundled Local Switching	
Unbundled Exchange Ports	
2-wire Analog, Per Month	\$2.61
Nonrecurring, Residence - First	\$37.78
Nonrecurring, Residence - Additional	\$37.78
Nonrecurring, Business - First	\$37.55
Nonrecurring, Business - Additional	\$37.55
Nonrecurring, PBX - First	\$36.47
Nonrecurring, PBX - Additional	\$36.47
4-wire Analog (Coin), Per Month	\$3.04
Nonrecurring - First	\$40.71
Nonrecurring - Additional	\$40.71

BELLSOUTH - MCI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Unbundled Exchange Ports (continued)	
4-wire ISDN DS1, Per Month	\$275.48
Nonrecurring - First	\$181.27
Nonrecurring - Additional	\$116.42
2-Wire ISDN Digital, Per Month	\$12.33
Nonrecurring - First	\$90.48
Nonrecurring - Additional	\$84.53
User Profile per B Channel - Nonrecurring	\$5.61
2-Wire Analog Hunting - per line - Per Month	\$0.29
Nonrecurring	\$2.14
Unbundled Local Usage (Restructured Switching)	
End Office Switching, Per MOU	\$0.002562
Tandem Switching, Per MOU	\$0.001096
Common Transport, Per Mile Per MOU	\$0.0000049
Common Transport - Facility Termination, Per MOU	\$0.000426
Local Interconnection *	
End Office Switching Per MOU	\$0.002562
Tandem Switching Per MOU	\$0.001096
Common Transport Per Mile/MOU	\$0.0000049
Common Transport - Facility Termination Per MOU	\$0.000426
Intermediary Tandem Per MOU**	\$0.001096
* Local Interconnection is defined as the transport and termination of local traffic between facility based carriers.	
** The tandem intermediary charge applies only to intermediary traffic and is applied in addition to applicable local interconnection charges.	
Dedicated Transport - DS1	
Per Mile Per Month	\$0.45
Facility Termination Per Month	\$55.05
Nonrecurring - First	\$298.18
Nonrecurring - Additional	\$231.23
Channelization System - For Unbundled Loops	
Unbundled Loop System (DS1 to VG) per sys/per mo.	\$429.33
Nonrecurring - First	\$664.06
Nonrecurring - Additional	\$166.55
Central Office Interface Per Circuit, Per Month	\$1.26
Nonrecurring - First	\$46.68
Nonrecurring - Additional	\$46.38

BELLSOUTH - MCI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
CCS7 Signaling Transport Service	
Signaling Connection Link, Per Month	\$16.31
Nonrecurring	\$354.95
Signaling Termination (Port), Per Month	\$174.08
Signaling Usage Surrogate, Per 56 Kbps Facility, Per Month	\$329.98
Signaling Usage, Per Call Setup Message	\$0.000037893
Signaling Usage, Per TCAP Message	\$0.000102042
800 Access Ten Digit Screening Service	
800/POTS Number Delivery, Per Query	\$0.0010
800/POTS Number Delivery with Optional Complex Features, Per Query	\$0.0011
800/800 Number Delivery, Per Query	\$0.0010
800/800 Number Delivery with Optional Complex Features, Per Query	\$0.0011
Nonrecurring:	
Per 800 Number Reserved - First	\$10.05
Per 800 Number Reserved - Additional	\$1.19
Per 800 Number Established with 800 Number Delivery - First	\$30.59
Per 800 Number Established with 800 Number Delivery - Additional	\$3.22
Per 800 Number Established with POTS Number Delivery - First	\$30.59
Per 800 Number Established with POTS Number Delivery - Additional	\$3.22
Customized Area of Service per 800 Number - First	\$6.97
Customized Area of Service per 800 Number - Additional	\$3.49
Multiple InterLATA Carrier Routing per Carrier/800 Number - First	\$8.16
Multiple InterLATA Carrier Routing per Carrier/800 Number - Additional	\$4.67
Change Charge per Request - First	\$11.24
Change Charge per Request - Additional	\$1.19
Call Handling and Destination Features per 800 Number	\$6.97
Line Information Database Access Service	
Common Transport, Per Query	\$0.00006
Validation, Per Query	\$0.00938
Nonrecurring - Establishment or Change	\$107.60
Operator Services	
Operator Call Processing Access Service	
Operator Provided, Per Minute	
Using BST LIDB	\$1.6016
Using Foreign LIDB	\$1.6249
Fully Automated, Per Attempt	
Using BST LIDB	\$0.0856
Using Foreign LIDB	\$0.1071

BELLSOUTH - MCI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Operator Services (continued)	
Inward Operator Services Access Service	
Verification, Per Call	\$1.00
Emergency Interrupt, Per Call	\$1.111
Directory Assistance Access Service Calls	
Per Call	\$0.3136
Recording Cost Per Announcement	\$1,664.89
Loading Cost Per Audio Unit	\$244.04
Directory Assistance Database Service	
Use Fee, Per DADS Cust's EU Request/Listing	\$0.0193
Monthly Recurring	\$120.76
Direct Access to Directory Assistance Service (DADAS)	
Database Service Charge, Per Month	\$7,235.01
Database Query Charge, Per Query	\$0.0052
Nonrecurring - DADAS Service Establishment	\$1,186.94
DACC Access Service	
Per Call Attempt	\$0.058
Number Services Intercept Access Service	
Per Intercept Query	\$0.0086
Per Intercept Query Update	\$0.0055
Directory Transport	
Switched Common Transport per DA Service Call	\$0.000175
Switched Common Transport per DA Service Call Mile	\$0.000004
Access Tandem Switched per DA Service Call	\$0.000783
Switched Local Channel - DS 1 Level, Per Month	\$36.32
Nonrecurring - First	\$637.46
Nonrecurring - Additional	\$546.94
Switched Dedicated Transport - DS 1 level, Per Mile/Per Month	\$0.45
Facilities Termination, Per Month	\$55.05
Nonrecurring - First	\$298.18
Nonrecurring - Additional	\$231.18
Nonrecurring Installation per Trunk or Signaling Connection - First	\$501.98
Nonrecurring Installation per Trunk or Signaling Connection - Additional	\$13.32
Collocation	
Application per Arrangement / Per Location - Nonrecurring	\$9,926.72
Space Preparation Fee - Nonrecurring	ICB
Space Construction Fee:	
Nonrecurring per 100 Squire Feet	\$9,985.50
Nonrecurring per Each Additional 50 Squire Feet	\$1,092.21
Cable Installation - Per Entrance Cable	\$2,327.08

BELLSOUTH - MCI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
Collocation (continued)	
Floor Space Zone A, Per Square Foot, Per Month	\$5.00
Floor Space Zone B, Per Square Foot, Per Month	\$5.00
Power Per AMP, Per Month	\$7.68
Cable Support Structure, Per Entrance Cable	\$24.23
 POT Bay (Optional Point of Termination Bay)	
Per 2-Wire Cross - Connect, Per Month	\$0.06
Per 4-Wire Cross - Connect, Per Month	\$0.15
Per DS1 Cross - Connect, Per Month	\$0.58
Per DS3 Cross - Connect, Per Month	\$4.51
 Cross-Connects	
2-Wire Analog, Per Month	\$0.31
Nonrecurring - First	\$54.21
Nonrecurring - Additional	\$51.07
4-Wire Analog, Per Month	\$0.62
Nonrecurring - First	\$54.23
Nonrecurring - Additional	\$50.96
DS1, Per Month	\$1.92
Nonrecurring - First	\$99.23
Nonrecurring - Additional	\$69.15
DS3, Per Month	\$39.94
Nonrecurring - First	\$97.48
Nonrecurring - Additional	\$66.90
 Security Escort	
Basic - 1st half hour	\$56.09
Overtime - 1st half hour	\$67.75
Premium - 1st half hour	\$79.41
 Basic - additional	\$31.99
Overtime - additional	\$39.00
Premium - additional	\$46.01
 Selective Routing	
Nonrecurring	\$10.00
 Operational Support System	
OSS Electronic Interface, Per Order	\$10.89
OSS OLEC Daily Usage File	
Recording, Per Message	\$0.0008611
Message Distribution, Per Message	\$0.0032357
Message Distribution, Per Magnetic Tape Provisioned	\$55.68
Data Transmission (CONNECT:DIRECT), Per Message	\$0.0000365